

STATE OF SOUTH CAROLINA  
BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2004-90-W/S

IN THE MATTER OF:	)	
	)	
Total Environmental Solutions, Inc.	)	INTERROGATORIES OF
Application for Increase in Rates and	)	THE CONSUMER ADVOCATE
Charges for Water and Sewer Services	)	(Set No. 2)
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Pursuant to S.C. Code Ann. § 37-6-601 et. seq., (1989 and Supp. 2003), and 26 S.C. Code Ann. Regs. 103-851 (1976 and Supp. 2003), this party of record and Intervenor, Elliott F. Elam, Jr., Acting Consumer Advocate for the State of South Carolina, hereby serves these Interrogatories upon Total Environmental Solutions, Inc. (TESI or Company) in Docket No. 2004-90-W/S and files the original and one (1) copy with the Honorable Bruce F. Duke, Executive Director of the South Carolina Public Service Commission.

**IT IS HEREIN REQUESTED:**

- A. That all information requested below, unless otherwise specified, be limited to the Company's South Carolina operations.
- B. That all information shall be provided to the undersigned in the format as requested.
- C. That all responses to the requests below be labeled using the same numbers as used herein.
- D. That if the requested information is found in other places or in other exhibits, reference not be made to those, but instead, that the information be reproduced and placed in the interrogatory response in the appropriate sequence.
- E. That any inquiries or communications relating to questions concerning clarifications of the data requested below be directed to the undersigned.

- F. That all exhibits be reduced to 8½" x 11" format.
- G. That the requested information be bound in ring binders (loose leaf notebook) or otherwise bound.
- H. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) responsible for the information contained in each answer be indicated.
- I. That each of these Interrogatories be reproduced at the beginning of each of the responses.
- J. That the Company provide the Consumer Advocate two copies of the responses to these Interrogatories as soon as possible, but no later than **July 29, 2004** and provide one copy to:

Michael A. Bleiweis  
243 Banks Road  
Easton, Connecticut 06612-1627

- K. If the response to any Interrogatory is that the information requested is not currently available, state when the information requested will be available.
  - L. These Interrogatories shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.
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- 2-1. Regarding Supporting Schedule No. 3 for both Water and Sewer, 2004 Direct Salaries, Wages and Benefits (Pro Forma), please provide the date of hire for each of the four positions shown on that schedule.
  - 2-2. Regarding Supporting Schedule No. 3 for both Water and Sewer, 2004 Direct Salaries, Wages and Benefits (Pro Forma), please state whether the four positions are unionized. If yes, please provide that portion of the union contract which states the effective dates and hourly rates for each position for 2002, 2003 and 2004.
  - 2-3. Regarding Supporting Schedule No. 3 for both Water and Sewer, 2004 Direct Salaries, Wages and Benefits (Pro Forma), if the hourly rates are projected, please provide an explanation detailing how the rates were projected and a supporting schedule.
  - 2-4. Regarding Supporting Schedule No. 3 for both Water and Sewer, 2004 Direct Salaries, Wages and Benefits (Pro Forma), if the hourly rates are projected, please provide a schedule similar to Supporting Schedule No. 3 utilizing actual 2003 hourly rates.

- 2-5. Regarding Supporting Schedule No. 3 for both Water and Sewer, 2004 Direct Salaries, Wages and Benefits (Pro Forma), please explain in detail how the column OT Hours was determined. If the hours were projected, explain in detail and provide supporting workpapers showing how the projection was determined. If the hours are actual, explain for what calendar period the hours represent.
- 2-6. Regarding Supporting Schedule No. 3 for both Water and Sewer, 2004 Direct Salaries, Wages and Benefits (Pro Forma), please provide a schedule detailing how each of the following columns was determined:
- (a) Annual Salaries
  - (b) Fica-Employer
  - (c) FICA MED Employer
  - (d) SUI
  - (e) FUI
  - (f) Total Taxes
  - (g) Health/Life/Dental Ins.
  - (h) 401K
  - (i) Employee Benefits
- 2-7. Regarding Supporting Schedule No. 3 for both Water and Sewer, 2004 Direct Salaries, Wages and Benefits (Pro Forma), please explain in detail and provide supporting workpapers showing how the Water and Sewer allocation percentages were determined. If a time study was performed, provide a copy of that study. If no such study was performed, explain.
- 2-8. Please clarify your response to Data Request 1-22 a): Regarding Water and Sewer Adjustment 7 for affiliated service charges, please explain why no affiliated service charges were booked during calendar year 2002. Specifically, why didn't the company's auditors present the affiliate costs as a separate line item in the 2002 audit? Why wasn't some attempt made to fairly represent affiliate costs on TESI's books?
- 2-9. Regarding Supporting Schedule No. 5 for both Water and Sewer, Pro Forma 2004 Affiliated Charges, please explain in detail and provide supporting workpapers showing how the Salaries, Wages, Benefits and Taxes amounts for Pro Forma years 2003 and 2004 were determined.
- 2-10. Regarding Interrogatory CA Interrogatory No. 1-23 which stated: Regarding the Company's reply to Staff Data Request No. 1: Please list other jurisdictions and specific rate cases where the use of a coverage factor applied to annual debt service has been approved. Page 2 , the company replied: TESI's management functions are not directly regulated by any regulatory commission. The methodology in establishing the cost

components of the affiliate charges is not as important as the determination of the reasonableness of the charge. Please explain in detail whether the company believes that the methodology in establishing the cost components of the affiliate charges is or is not subject to Commission regulation.

- 2-11. Regarding the Affiliated Service Charges Study provided as the reply to Staff Data Request No. 1, please provide a definition of coverage factor as used on page 2 of the study.
- 2-12. Regarding the additional response to C.A. 1-22b), please explain in detail why the amount of employee salaries and benefits allocated to South Carolina in 2003 (\$16,106) decreased from \$27,143 as shown on Supporting Schedule No. 5 for Fiscal Year 2002.
- 2-13. Regarding the 2003 Annual Reports to the SCPSC, please explain in detail the amounts booked to the following accounts for 2003: Water-#233-Accounts Payable to Associated Companies-\$669,665; Sewer-#223-Advances From Associated Companies- \$200,947.

Elliott F. Elam, Jr.  
Acting Consumer Advocate

Hana Pokorna-Williamson  
Staff Attorney

By: \_\_\_\_\_  
S.C. Department of Consumer Affairs  
3600 Forest Drive 3<sup>rd</sup> Floor  
P.O. Box 5757  
Columbia, South Carolina 29250-5757  
(803) 734-4189

July 19, 2004

**CERTIFICATE OF SERVICE**

This is to certify that I, Elliott F. Elam, Jr., have served this day the foregoing **Interrogatories of the Consumer Advocate (Set No. 2)** upon the person(s) named below, at the address(es) set forth, by deposit in the United States mail, postage prepaid.

John F. Beach, Esquire  
Ellis Lawhorne & Sims, PA  
P.O. Box 2285  
Columbia, SC 29202

H. Asby Fulmer, III, Esquire  
Fulmer Law Firm, PA  
314 West 5<sup>th</sup> North Street  
Summerville, SC 29485

Mason A. Summers, Esquire  
SC DHEC  
2600 Bull Street  
Columbia, SC 29201-1708

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July 19, 2004  
Columbia, South Carolina